THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Report

Office of the CFO

- Treasurer's Monthly Report

Summary

The attached Treasurer's monthly report provides Metropolitan's investments, as well as portfolio compliance with Metropolitan's Statement of Investment Policy and investment programs.

Purpose

Administrative Code Requirement Section 5114

Attachments

Attachment 1:	Portfolio Performance Report – August 2014
Attachment 2:	Portfolio Summary Report – August 2014
Attachment 3:	Summary Report of Investment & Cash Activity – August 2014
Attachment 4:	Duration Report – August 2014

Date of Report: 9/8/2014

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: September 8, 2014

To: Finance and Insurance Committee

From: Gary Breaux, Assistant General Manager/Chief Financial Officer

Subject: Treasurer's Monthly Report August 2014

This letter transmits a summary report of investments, cash balances and performance report with total return, and duration comparisons for the end of the current month. A detailed report of investments is filed each month with the Executive Secretary. These reports are required by Section 5114 of the MWD Administrative Code. All of the investments comply with Chapter 5101 of the MWD Administrative Code and the Investment Policy dated June 10, 2014. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

Gary Breaux

GB/mt

Attachments

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Attachment 1

The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
August 31, 2014

		Market Value ($ in Thousands)	Duration		Monthly Return		Annualized Monthly Return		Annualized Return *Inception-to-Date	
			MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	$ 878,651	0.24	0.24	0.27%	0.00%	3.26%	0.04%	2.17%	1.55%
Long-Term	(2)	332,227	2.85	2.72	0.44%	0.35%	5.43%	4.29%	3.99%	3.47%
Total Core Funds		$ 1,210,878								
Other Funds	(3)	101,005	7.32		(0.05%)		(0.60%)		8.34%	
Total		$ 1,311,883								

(1) The Short-Term Portfolio Benchmark is the Bank of America Merrill Lynch, Three Month Treasury Bill Index.
(2) The Long-Term Portfolio Benchmark is the Bank of America Merrill Lynch, Corporate and Government, 1 to 5 years, A Rated and Higher Index.
(3) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 2

Portfolio Summary Report
August 31, 2014

($ in Thousands)

Securities		Credit Quality	Market Value	Book Value	Percent of Portfolio Market Value	Investment Policy Limits
United States Treasuries	(1,2)	"AAA"	$ 239,478	$ 234,062	18.25%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	8	7	0.00%	100%
Federal Agencies	(2)	"AAA"	181,187	181,747	13.81%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	804	804	0.06%	40%
Commercial Paper		"A1/P1 or higher"	282,806	282,805	21.56%	25%
Negotiable Certificates of Deposit		"F1 or higher"	307,210	307,205	23.42%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	286	286	0.02%	20%
California Local Agency Investment Fund			50,000	50,000	3.81%	N/A
Medium Term Notes		"A or higher"	109,426	109,071	8.34%	30%
Asset & Mortgage-Backed Securities		"AAA"	69,104	69,145	5.27%	20%
Municipals	(4)	"A or higher"	71,574	65,720	5.46%	30%
Total Portfolio			$ 1,311,883	$ 1,300,852	100.00%	

(1) Securities have an explicit United States Government guarantee.

(2) United States Treasuries and Federal Agencies are rated 'AAA' by two nationally recognized rating agencies and 'AA+' by one nationally recognized rating agency.

(3) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.

(4) $13.315 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3

Summary Report of Investment & Cash Activity

August 31, 2014

(Shown at Book Value and $ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	$ 220,083	$ 27,032	$ 13,053	$ -	$ 234,062
Gov't National Mtge Assoc.	7	-	-	-	7
Federal Agencies	217,801	26,721	43,865	18,910	181,747
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	607	969	-	772	804
Commercial Paper	186,949	531,680	-	435,824	282,805
Negotiable Certificates of Deposit	256,585	149,452	800	98,032	307,205
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	1,014	4,599	5,327	-	286
California Local Agency Investment Fund	50,000	-	-	-	50,000
Medium Term Notes	178,647	13,611	1,460	81,727	109,071
Asset & Mortgage-Backed Securities	66,801	5,439	3,095	-	69,145
Municipals	65,658	62	-	-	65,720
Subtotals	**$ 1,244,152**	**$ 759,565**	**$ 67,600**	**$ 635,265**	**$ 1,300,852**

Cash	Beginning Balance	Deposits	Withdrawals	Ending Balance
Demand Accounts	$ 3,338		3,136	202
Petty Cash & Payroll	15			15
Overnight Investment	-			-
Subtotals	**$ 3,353**	**$ -**	**$ 3,136**	**$ 217**
Total	**$ 1,247,505**	**$ 759,565**	**$ 638,401**	**$ 1,301,069**

Attachment 4
Duration Report
August 31, 2014

($ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	$ 29,207	0.065
US Treasury Notes	155,006	2.319
US Treasury Strips	17,477	9.471
Federal Agency Coupons	150,107	0.557
Federal Agency Strips	8,820	0.289
Federal Agency Discount Notes	626	0.024
Shares of Beneficial Interest	263	0.000
California Local Agency Investment Fund	46,001	0.000
Commercial Paper	260,185	0.114
Bankers' Acceptances	739	0.119
Negotiable Certificates of Deposit	282,637	0.161
Medium Term Notes	99,126	1.781
Municipals	247	0.249
Gov't National Mtge Assoc.	8	6.180
Asset Backed	-	-
Mortgage Backed	63,577	3.102
Total	$ 1,114,026	
Weighted Average Duration		0.953

(1) Duration is a measure of the sensitivity in the price of a bond to changes in interest rates, so it is a measure of risk in a fixed income portfolio. As a rule of thumb, a fixed income portfolio with a duration of 5 (years) will decline 5% in value for every 1% upward movement in comparable interest rates.